

Section III

Summary of Schedule of Prior Year Audit Findings



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Commonwealth of Massachusetts

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Summary Schedule of Prior Audit Findings

Report on Compliance and Internal Control in Accordance with Government Auditing Standards and the Requirements of OMB Circular A-133 and the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2001

The following schedule contains the finding number and title, segregated by Commonwealth department, for each of the findings included in the 2001 Report. Following the finding number and title is the year the finding originated. If the finding repeated as a result of the fiscal year 2002 audit, the current year finding is referenced after the FY2002 status of the FY2001 findings. The letters under the heading *Corrective Action* indicate the following:

- F Full (the corrective action plan was fully implemented)
- P Partial (the corrective action plan was partially implemented and the finding repeated from 1999)
- N/R Not Reported (the finding does not meet the criteria for reporting under OMB Circular A-133, Section .510 a)

Department

Corrective Action

Massachusetts Highway Department

Finding Number 1: Oversight of the Owner Controlled Insurance Plan Needs to be Improved - 2001

P-#8

Many of the issues were resolved in a timely manner while the final product (audit and financial statements) was delayed due to lack of availability of documents from the insurance provider. The Department will continue to work with the Authority to maintain compliance with the established protocols and ensure the availability of documents from the insurance provider necessary to adequately monitor the transactions and financial condition of OCIP.

Department of Public Health

Finding Number 2: Late Recording of Fixed Assets

F

Department of Social Services

Finding Number 3: Department-Wide Risk Assessment Needs to be Completed - 2001

F

Summary Schedule of Prior Audit Findings

Department

Corrective Action

Division of Employment and Training

Finding Number 4: Incorrect Entries into Universal Health Insurance Collection System

P-#5

Department has taken corrective action as stated last year. Assessing interest and penalties for non-filing UHI contribution reports is not cost effective.

Executive Office of Elder Affairs

Finding Number 5: Inadequate Internal Controls over Fixed Assets

P-#9

In order to correct the areas cited in the audit findings concerning inventory, Business Operations is in the process of researching purchase order documents for pertinent information to be included in the inventory listings. As of this date information is being entered into spreadsheets to create a more accurate inventory log. Business Operations has received standard state inventory tags; the LAN manager is using these to label computer equipment first; Business Operations will apply remaining labels to other equipment.

An actual physical inventory was completed by June 28, 2002 as a verification of these logs. The inventory listings will be completed by October 15, 2002.

Massasoit Community College

Finding Number 6: Late Recording of Fixed Assets

F

Roxbury Community College

Finding Number 7: Non-Appropriated Fund Activity and Balances not Reconciled Monthly – 1995

P-#11

A of October 1, 2002 the College has made some improvement and has completed reconciliations through March 31, 2002 for its Non-Appropriated Fund Activity. The College made improvements as follows:

“The College was able to improve its performance during the past fiscal year but we have not been able to maintain the reconciliation consistently on a monthly basis, such as performing the reconciliation within 30 days after receiving the bank statements for the Trust Fund Accounts. part of the delay is attributed to staffing shortages and pressing time commitments for state and private audits, other business responsibilities, and financial report status. We have completed the reconciliations through March 31, 2002 as of this date, and are working on the final quarter for FY 2002. Specifically, we are completing the fiscal 2002 entry and reconciliation process on MMARS and hope to have this completed by October 15, 2002. We recognize that we should be reconciling July’s activity at this time. In response to the FY 2001 finding, we stated that the reconciliation process would be easier to accomplish with the new Jenzabar software that has been installed (Roxbury “went live” July 1, 2002) and is functioning properly. This continues to be a valid statement. We are waiting for the finalization of FY 2002 figures before placing all trust funds onto the Jenzabar system. Another factor which should assist in the timely reconciliation process is the alteration of staff responsibilities necessitated by the implementation of the Jenzabar system and the departure of three support staff members in the Business Office since March 2002. Notwithstanding these issues, the College will continue to improve its reconciliation process in this area.”

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Department

Corrective Action

Salem State College

Finding Number 8: Internal Control Plan Needs to be Updated – 2001

P-#13

The College has completed a very comprehensive risk assessment. We are currently in the process of updating our internal control plan.

Department of Education

Finding Number 9: Unallowable Expenditures – 2001

P-#28

The Department has hired a new Deputy Commissioner to perform the duties of Chief Operating Officer. We have held training sessions with cluster fiscal liaisons regarding purchasing, encumbrance and expenditure duties and requirements. Three of the four new hires in the Fiscal Office have started work with the fourth expecting to transfer from another area shortly. We are about to issue a request for proposals for a consultant to help us develop a cost allocation plan.

Finding Number 10: Lack of Control System for Allocation of Special Education Program Funds – 2001

F

Finding Number 11: Lack of Control System for Goals 2000 Program – 2001

P-#30

Federal grant programs will be included in the Department's Internal Federal Grants Guide. With the onset of the No Child Left Behind (NCLB) legislation all federal appropriations starting in FY2003 will be changed. New appropriation numbers are being assigned and administrative and distribution accounts will no longer be split. Expense budgeting through MMARS will be done in order to account for and control expenditures for programs and set asides. This will include monitoring various administrative percentage caps. This program stops all activity as of September 30, 2002.

Finding Number 12: The Internal Control System for the Class Size Reduction Program Needs to be Better Documented – 2000

P-#31

The Department's policies and procedures for the Classroom Size Reduction Program were rewritten and revised in accordance with the CAROI approved format. These have been sent to US ED for their concurrence. It should be noted that with the new federal legislation that this program will change as of July 1, 2002. This program, along with others, will be included in the Department's Internal Federal Grants Guide.

Finding Number 13: Lack of Documented System for Salary Charges to Federal Programs and Failure to Make Needed Salary Adjustment – 1995

P-#32

We have hired a budget analyst with vast knowledge of the state payroll (HRCMS) and accounting (MMARS) systems. His primary task is the responsibility for the monthly reconciliation, the year-end totals, and any payroll adjusting entries in the current fiscal year. These duties are current with documents available for reviewing.

Finding Number 14: Local Education Agencies' Compliance with Supplement not Supplant Requirement is not Monitored Annually - 1992

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Summary Schedule of Prior Audit Findings

Department

Corrective Action

Finding Number 15: Tracking and Reporting of the Amount Used to Comply with the Vocational Education Matching Requirement is Deficient – 1997

P-#33

The Department has taken a number of actions to address this audit finding:

1. The detailed analysis to compute the exact amount of state funds listed on the SF269 report is completed at the time the SF269 report is completed (September of the given year), as opposed to listing an estimated amount on the SF269 report.
2. Semi-annual payroll certifications are completed and retained by the Department to document the activities of the School to Career Cluster.
3. An additional staff person was hired in October of 2001 with excellent knowledge of the HRCMS payroll system and the PCRS report system to assist in the documentation on state and federal payroll and other expenses.
4. The Department started to develop an RFR to seek a qualified CPA or accounting firm to assist the Department in the development of a cost allocation plan to be submitted to U.S. ED. However, due to significant budget cuts we had to put the RFR on hold until we secure the state funds needed to fund this initiative.

The Department is documenting the process for completing the SF269 report.

Finding Number 16: Failure to Obtain Payroll Certifications – 2001

F

Finding Number 17: Lack of Data to Measure Earmarking – 2001

P-#34

With the onset of the No Child Left Behind (NCLB) legislation all federal appropriations starting in FY2003 will be changed. New appropriation numbers are being assigned and administrative and distribution accounts will no longer be split. Expense budgeting through MMARS will be done in order to account for and control expenditures for programs and set asides. The two new positions in the Budget Office were filled and these employees are working with other staff toward completion of these items.

Department of Revenue/Division of Child Support Enforcement

Finding Number 18: Inactive Cases not Closed in System - 1998

P-#40

Once a case has been identified as eligible for closure or order termination, CSE may close the case in a timely manner in accordance with federal regulations. CSE has made case closing a priority and emphasized data reliability and accuracy in the application of the case closing process. Significant training has been delivered to all staff, staff have been assigned to review the case closing actions taken and in some offices, case closing work is assigned to dedicated staff.

CSE staff receive new policy, procedures, and other material each month in a policy issuance. In three out of the last 12 monthly issuances, there have been items related to case closure. Staff received procedures and various charts to assist them in applying the case closing policy and procedures as well as answers to frequently asked questions regarding case closure. In addition, the Deputy Commissioner sends a memorandum to staff in each monthly issuance providing general direction to staff. In the last eight months, each of the Deputy Commissioner's memoranda has directed staff to focus on case closing and correct application of the case closing procedure to ensure data reliability.

Summary Schedule of Prior Audit Findings

Department

Corrective Action

Over the last year, training on case closing policy and procedure was delivered in each office. (In many offices there were at least two training sessions.) Staff are also monitoring and reviewing the case closure actions to ensure proper application of the policy. As most of the 60-day notices are generated in a central location, CSE stationed a member of its Policy and Procedures staff at that location to sample the 60-day notices generated and then review the case to ensure that the case was appropriate for closure and the correct case closing reason had been selected. If errors were identified, steps were taken to ensure that staff were aware of the error made and action was taken to correct the problem. Additional training was delivered if necessary.

In addition to training focused on case closing, over the last several months, all CSE staff attended mandatory training on data reliability and the curriculum included a section on case closing – with particular attention paid to the requirements related to the 60-day notice.

Finally, several offices have established case closing teams. All case closing work is funneled to and done by the team ensuring better control over the quality of the work.

As of June 30, 2002, CSE has closed 27,640 cases this fiscal year. CSE has conducted several focused projects on case closure during this year. In particular, CSE has reduced its pre-obligation caseload from 82,527 cases in February 2002 to 66,182 cases as of the end of the fiscal year by closing inactive cases – a reduction of 20%.

The system functionality related to the Emancipation change order has resulted in the termination of about 10,000 current support orders where the youngest dependent has turned 18. The functionality continues to be enhanced. In addition, a significant number of case closure notices and associated task and events have been added to COMETS to support the Division's efforts in case closure.

Finding Number 19: Ineffective Case Tracking and Management System – 1989

P-#41

CSE is in the process of obtaining sufficient information necessary to proceed in pre-obligated cases by contacting custodial parents by mail to request additional identifying information on the non-custodial parent. As of July 2002, over 26,000 letters had been sent to former assistance and never assistance cases in compliance with the federal regulations and more are anticipated to be sent in the next few months. Research is underway to identify current assistance cases lacking information necessary to identify the putative father. CSE is developing a project plan with the Department of Transitional Assistance (the IV-A agency) to interview these custodial parents.

CSE plans to implement the use of a letter to custodial parents to solicit additional location information within 20 days of receipt of cases with minimal information. Recently installed FPLS enhancements will include the availability of NDNH quarterly wage and unemployment insurance information.

CSE has five federal demonstration grants that support the establishment of paternity and child support orders. They include efforts to work with low-income parents, incarcerated parents, never married parents and victims of domestic violence. Historically, these establishment cases have historically been populations that have been hard to identify and to serve.

In April and May of 2002, CSE delivered Data Reliability training, the curriculum focused on meeting the strict data quality requirements for federal incentives. The curriculum also included instructions on research and documentation in concert with federal timeframes and self-assessment standards.

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Department

Corrective Action

Department of Social Services

Finding Number 20: Subrecipient Monitoring Needs Improvement - 2001

P-#57

The Department of Social Services has met with representatives from the Fiscal Affairs Division (FAD analyst), House Ways and Means Committee (analyst), Senate Ways and Means Committee (analyst), and the Office of the State Comptroller to discuss the complications associated with the legislative mandated fund splits.

Due to a late state budget and a late federal budget the Department of Social Services needed to seek adjustment to the 'fund splits' as indicated in the General Appropriations Act. A supplemental bill was filed with the legislature in December 2002 to address the issue associated with the 'fund splits' by granting the Department flexibility in determining "fund splits". The language contained in this bill was refiled in the new year. Ultimately, the flexible language was passed in chapter 118 of May 2002. (A copy is attached.) While the Department has not notified sub-recipients regarding the actual SFY02 'fund splits', each vendor that has contracted with the Department has been notified (in their contract) that some (or all) of their funding may be funded through the Social Services Block Grant.

The allocation of the Social Services Block Grant monies, consistent with the revised language has been completed and is now undergoing final review. The information will be forwarded to OSD and to each affected provider no later than September 1, 2002.

Department of Transitional Assistance

Finding Number 21: Food Stamps Status of Claims Against Household Report Filed with Inaccurate Data - 1994

P-#63

A significant improvement has been made in the report generation programming for the FNS 209 Report - Status of Claims Against Households in the last year. In November 2001, the fourth quarter 2001 and the first quarter 2002 were run using revised programming. The major problems on the report were corrected. Balances shown on the FNS 209 report, the 209 detail report as well as balances on monthly reports were in agreement. Some enhancements remain to be completed on the FNS 209 report programming.

A major effort is underway to review all receivable processing and collection reporting from the BEACON system for accuracy, utility and completeness. The Department acknowledges that problems remain in the reporting structure.

Finding Number 22: Failure to Provide Necessary TANF Case File Verification Forms - 2001 P-#64

TAO Directors were instructed at a Statewide Director's Meeting in July 2001 to analyze their individual filing procedures and were asked to review the appropriate policy and procedures with Assistance Unit Manager in their offices. Field Operations is confident that adequate procedures are in place in all TAOs that meet the requirement of TANF regulations related to case verification filing.

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Corrective Action

Division of Medical Assistance

Finding Number 23: Eligibility Redeterminations were not Performed in a Timely Manner - 2001

P-#20

MassHealth Enrollment Centers (MEC) Operations continues to review several hundred thousand eligibility cases annually as required through routine annual reviews, data matches, profiling and other activities. The process of profiling has drastically increase in FY02, its first full year of operation, due to a better understanding by the Division of how to manipulate eligibility data to produce more useful member profiles and results.

Training provided in FY02 to MEC Directors, Assistant Directors and Managers on CFU protocol has increased the efficiency and effectiveness of the archival process. Procedural changes made at the Division's Central Filing Unit (CFU) assure reliable retrieval of members' case records. The combination of training at the MECs and implementation of a process at the CFU called streamlining has made it possible for the CFU to effectively archive all members' eligibility information in a unique single storage location by household. Streamlining is a process that concentrated on archiving only documents that support the eligibility determination.

Finding Number 24: Change in Eligibility Status Questionable – 2001

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Finding Number 25: The Recording of Accounts Receivable Needs Improvement – 2001

P-#27

The Division takes the following actions to obtain a satisfactory conclusion to amounts due Medicaid from its members. The routine billing process includes late notices at 30, 60 and 90 days past due. Normal Business practice is to either write off the balance or send the balance to a collection agency after the 90-day time period elapsed. It is our current practice not to utilize collection agencies because of the small dollar amounts and the likelihood of successful recovery in this type of population is limited. Tax refunds, however, are intercepted for those whose liability is above a certain threshold. Division regulations require that recipients remain liable for the charge up to two years after s/he terminates coverage from the MassHealth program. For those who remain on MassHealth and do not pay, the Division has the right to terminate their MassHealth coverage for non-payment of their liability. Accounts receivables remain active on the system for two years as a means to identify those who become eligible with a past due account so that this past due account can be pursued. After two years, the Division will recommend a write off of the receivables by the Office of the State Comptroller. This step is part one of the corrective action plan and will be completed by June 30, 2002. Step two will be re-visited in FY03

Finding Number 26: Drug Price Updates not Performed in a Timely Manner – 2001

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Executive Office of Elder Affairs

Finding Number 27: Indirect Cost Plan not Developed – 2000

P-#58

Elder Affairs Budget staff has reviewed a draft cost allocation plan for FY 2000 with the Office of the Comptroller and submitted a revised final draft to them based on their recommendations on August 30, 2002. When the Office of the Comptroller has approved the FY 2000 plan, we will prepare the plans for FY 1999, FY 2001 and FY 2002 using the approved FY 2000 plan as a model. Cost allocation plans for FY 1999-2002 will be completed by June 1, 2003. Indirect cost charges for individual Federal grants will be resolved through the Office of the Comptroller as each fiscal year's plan is completed and approved.

Summary Schedule of Prior Audit Findings

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Corrective Action

Finding Number 28: Monitoring of Area Agencies Needs Improvement – 2001

P-#59

Program Evaluation Unit—The state hiring freeze and final budget for FY 2002, passed after we drafted the corrective action plan, have precluded the re-staffing of this unit. Elder Affairs is unlikely to be able to fill these positions in the foreseeable future.

Desk Reviews. Elder Affairs will complete a standard monitoring tool for performing desk reviews of Area Agency activities and expenditures based the quadrennial area plan, and will complete and document five desk reviews based on this tool, by June 1, 2003. This process will encompass current, less formal on-site and desk reviews of the Nutrition program by program staff, and monitoring of the Caregiver program currently being developed by program staff. As an initial step related to Supportive Services, Title III staff has reviewed priority services allocations for FY 2001, including access, in-home and legal services and sent letters in August 2002 to Area Agencies which were not in compliance with Elder Affairs requirements.

City of Boston audit report—Elder Affairs has requested and received copies of the City of Boston's audit reports for FY 2000 and FY 2001. The FY 2001 report, which we received in May 2002, contains a finding related to the Commission on Affairs of the Elderly. We have followed up in writing on this finding and currently await a response.

Finding Number 29: Program Payments are Processed Based on Budgeted Amounts
not Actual Costs – 2001

F

Finding Number 30: Inadequate Supporting Documentation for Payment Voucher
Expenditures – 2001

P-#60

Elder Affairs issued a detailed monthly billing backup format for all Title III categories except Nutrition (Title III-C) to Area Agencies in June 2002. This format was issued as a working draft beginning with bills for July 2002, with its use required but with the expectation that the formats will be revised based on AAA comments from the first two months of use, with a final revised format issued effective October 1, 2002. The Nutrition format was completed and issued to Area Agencies in early September 2002 with use effective October 1, 2002. We have decided that because these revised monthly billing formats will collect all the information currently required on the quarterly reports, we will discontinue the quarterly report requirement effective October 1, 2002 and use the monthly billing information to compile AAA expense data for the semi-annual report to the Administration on Aging. As a result, the reconciliation of quarterly reports to the monthly billing documentation described in the original corrective action plan will not be necessary.

In addition to reviewing the detailed monthly billing backup each month, Title III staff will review complete documentation of one month's invoice for each Area Agency during Federal FY 2003

Finding Number 31: Fiscal Year 2000 Reconciliation of Federal Program Funds
not Completed – 2001

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Summary Schedule of Prior Audit Findings

Department

Corrective Action

Finding Number 32: Federal Reports Lack Secondary Reviews and Reconciliations to the Commonwealth's Accounting System – 2001

P-#61

Secondary reviews—Elder Affairs has implemented this part of the corrective action plan. The secondary review has been performed by the Budget Director and Chief Accountant and has been documented for both FS-269 reports submitted in state FY 2002.

Reconciliation between SF-269 and MMARS—Elder Affairs Accounting and Budget staff are still developing the reconciliation process described in the corrective action plan. Reconciliations for both SF-269 reports submitted in FY 2002 will be completed by September 30, 2002. Subsequent reports will be reconciled to MMARS within 60 days after the submission of the report.

Finding Number 33: Salaries Allocated to Federally-Funded Programs are not Supported by Proper Documentation – 2001

F

Finding Number 34: Federal Debarment and Suspension Checks not Completed – 2001

F

Massachusetts Highway Department

Finding Number 35: Subrecipient Monitoring for Single Audit Compliance Needs Improvement - 1999

P-#49

The Audit Operations Section is using the checklist as mandated in the finding. The Department has become very diligent in reviewing Contract agreements to determine if they are Subrecipients.

Finding Number 36: Functions and Responsibilities Need to be More Clearly Defined - 2000

F

Finding Number 37: Outdated Rental Appraisals - 2001

P-#50

The Right of Way Section has implemented a new database tracking system for appraisals. A current review of the system is being completed to determine that all historical information has been properly captured.

Finding Number 38: The Sale of Federally- Funded Property not Recorded, Deposited or Transferred on a Timely Basis - 2001

P-#51

The Department has initiated the new procedures as listed in the CAP. The Right of Way Section has all checks for the Sale of Land signed for when delivered to the Fiscal Section. Monthly reconciliations are performed by both sections to ensure that all land sales have been received and recorded. Checks are recorded in a timely manner when received in the Fiscal Section.

The Department is currently reviewing the overall process in order to determine if there is a way to further expedite the processing of checks. Checks received in the Right of Way Section currently are required to have several approvals and recordings before being sent to the Fiscal Section. In conjunction with the Right of Way section we are working to streamline the operation.

Summary Schedule of Prior Audit Findings

Department

Corrective Action

Roxbury Community College

Finding Number 39: Inadequate Administration of Student Financial Assistance Programs-2001 P-#77

Partially implemented. The college needs to (1) fully comply with identification of “walk away” students in a timely manner, and (2) reduce the variance in financial aid expenditures on three relevant records: the federal EDE Information Base, the Federal FISAP Report, and the College Business Office. The level of variance in these three reporting areas is 10.2% for Pell expenditures; 9.8% for SEOG funds; and 14.8% in Federal Work Study funds.

Finding Number 40: Status of U.S. Department of Education Office of the Inspector General Issues – 1997

P-#71

Needs description

Finding Number 41: Lack of Procedures to Identify Walk-Away Students - 1999

P-#74

The college needs to fully comply with the identification of “walk away” students in a timely manner, performing these activities each semester so that adjustments in student financial aid can be performed in a more timely manner.

Salem State College

Finding Number 42: Interest Bearing Accounts Not Maintained – 2000

F

Finding Number 43: Amounts Reported on the Perkins Loan Program Fiscal Report (FISAP) and Nursing Student Loan Annual Operating Report (AOR) do not Agree with the College's General Ledger - 2000

P-#80

The college has prepared monthly journal entries for Fiscal Year 2002 for both the Perkins Loan Program and the nursing Student Loan Program that capture activity provided by the College's loan servicing agency. Once posted, these entries will bring the general ledger balances into agreement with the agency's reports. These balances will be used to generate the FISAP and AOR reports.

Finding Number 44: Unreconciled Cash for Title IV Programs - 2000

P-#81

Substantial progress has been made in the review of general ledger balances and reconciliation to Financial Aid and Bursar records. Final adjustments to incorrect balances will be done after all pending journal entries are posted.

Finding Number 45: Credit Balances not Returned to Students – 2001

P-#78

Procedures have been implemented to ensure that credit balance refunds are paid to students within the required 14 days of the date the balance accrued on the student's account.

Finding Number 46: Late Notification to the Loan Origination Center – 2001

F

Finding Number 47: Title IV Program Funds Need to be Returned – 2001

P-#79

Fully implemented
Funds have been returned to the appropriate Federal Program.

Summary Schedule of Prior Audit Findings

Department

Corrective Action

Information Technology Division

Finding Number 48: The Distribution of Costs for Computer Tape and Report Storage Affecting the 2000 Rates for Both Federal and State Programs did not follow the Cost Allocation Plan - 1999 F

Office of the Comptroller

Finding Number 49: Incorrect Indirect Cost Rate Charged - 1999

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